WEST BANCORPORATION INC
Form DEF 14A
March 06, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant x Filed by a Party other than the Registrant o

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

WEST BANCORPORATION, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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WEST BANCORPORATION, INC.

NOTICE OF ANNUAL SHAREHOLDERS' MEETING
TO BE HELD APRIL 16, 2009

Dear Fellow Shareholders:

The West Bancorporation, Inc. Annual Meeting of Shareholders will be held in the David L. Miller Conference Center on the second floor of the West Bank building at 1601 22nd Street, West Des Moines, Iowa, on Thursday, April 16, 2009, at 4:00 p.m., central time. We will review the progress of the Company and answer questions during the meeting. We will also ask you to vote on the following matters:

1. The election of 13 directors nominated in the Proxy Statement to serve as the Board of Directors until the next Annual Meeting and until their successors are elected and have qualified;

2. To approve, on a non-binding basis, the 2008 executive compensation disclosed in the Proxy Statement;

3. To ratify the appointment of McGladrey & Pullen, LLP as the independent registered public accounting firm for West Bancorporation, Inc. for the year ending December 31, 2009; and

4. Such other business as may properly come before the Annual Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on February 20, 2009, as the record date for determination of Shareholders entitled to notice of and to vote at the Annual Meeting. A list of eligible Shareholders will be maintained at the Company's offices at 1601 22nd Street, West Des Moines, Iowa, during the ten-day period preceding the Annual Meeting.

Whether or not you expect to attend the Annual Meeting, in order to make sure your vote is received, please complete and return the enclosed proxy card or vote your proxy electronically via the internet as instructed on the card. A prompt response would be appreciated.

Important Notice Regarding the Availability of Proxy Materials for the Shareholders' Meeting to be held on April 16, 2009:

The documents included in this mailing, the proxy statement and summary annual report, are also available at www.snl.com/irweblinkx/docs.aspx?iid=1021570.

We hope you will personally attend the Annual Meeting, and look forward to seeing you there. Thank you for your interest in the Company.

For the Board of Directors,

/s/ Thomas E. Stanberry

Thomas E. Stanberry
Chairman, President and Chief Executive Officer

March 5, 2009

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1601 22nd Street
West Des Moines, IA 50266

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INTRODUCTION

This proxy statement is furnished in connection with the solicitation by the Board of Directors of West Bancorporation, Inc. (the "Board" and the "Company") of proxies to be used at the Annual Meeting of Shareholders ("Annual Meeting"). The meeting will be held in the David L. Miller Conference Center at the Company's headquarters, 1601 22nd Street, West Des Moines, Iowa, on April 16, 2009, at 4:00 p.m., central time, and at any and all adjournments thereof. A copy of the Company's 2008 summary annual report to Shareholders and appendix to the proxy statement containing the annual report to Shareholders, including financial statements, accompany this proxy statement. This proxy statement, form of proxy, and other accompanying materials are first being mailed to Shareholders on or about March 9, 2009.

Only Shareholders of record at the close of business on February 20, 2009, ("Shareholders" or "Shareholder") are entitled to notice of and to vote at the Annual Meeting. There were 17,403,882 shares of the Company's Common Stock outstanding at the close of business on that date, all of which are eligible to vote at the Annual Meeting. The presence, in person or by proxy, of the holders of a majority of the outstanding shares is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Shareholders are entitled to one vote per share outstanding in their names on the record date on all matters to properly come before the Meeting.

The Company is not aware of any matters to be presented at the Annual Meeting other than the election of the 13 nominees described in this proxy statement, the approval of the 2008 executive compensation, and the ratification of the independent registered public accounting firm. The 13 directors elected will be those nominees who receive a plurality of those shares voting at the Annual Meeting in person or by proxy. Passage of the proposals to approve the 2008 executive compensation and to ratify the appointment of the independent registered public accounting firm require the affirmative vote of a plurality of the shares voting on the proposals at the Annual Meeting in person or by proxy. If any matters not described in this proxy statement are properly presented at the Annual Meeting, the proxies will use their personal judgment to determine how to vote your shares. If the Annual Meeting is adjourned, the proxies can vote your shares on the new meeting date as well, unless you have revoked your proxy instructions.

If you hold shares through a broker, follow the voting instructions provided by your broker. If you want to vote in person, a legal proxy must be obtained from your broker and brought to the Annual Meeting. If you do not submit voting instructions to your broker, generally your broker is permitted to vote your shares in its discretion. If a Shareholder abstains from voting on any matter, or if shares are held by a broker who has indicated that it does not have discretionary authority to vote on a particular matter, those shares will be considered to be present for the purpose of determining whether a quorum is present, but will not be counted as votes cast with respect to any matter to come before the Annual Meeting.

Holders of stock in the Company's Employee Savings and Stock Ownership Plan ("the Plan") can direct the Trustee of the Plan how to vote the number of shares held in the Plan for the benefit of the Holder as of the record date for any matter put to the vote of the Shareholders. If a Plan participant does not provide directions to the Trustee, then the Trustee shall vote those shares in the same proportion as the shares for which the Trustee received proper direction to vote.

A form of proxy is enclosed for use at the Annual Meeting. Before the Annual Meeting, you can appoint a proxy to vote your shares of stock by completing and signing the enclosed proxy card and mailing it in time to be received before the Annual Meeting, or by using the internet (http://www.illinoisstocktransfer.com). The electronic proxy appointment procedures are designed to confirm your identity and to allow you to give your proxy voting instructions. If you wish to vote via the internet, please follow the instructions on the proxy card.

If your proxy is properly signed and returned and is not withdrawn or revoked, your shares represented thereby will be voted in accordance with your instructions. If the manner of voting such shares is not indicated on the proxy, the shares will be voted FOR the election of the nominees for directors named herein, FOR approval of the 2008 executive compensation disclosed herein, and FOR the ratification of the independent registered public accounting firm.

If the enclosed proxy is executed and returned, it may nevertheless be revoked at any time prior to the Annual Meeting. You may revoke a proxy electronically by entering a new vote via the internet or by filing either a written revocation of the proxy or a duly executed proxy bearing a later date with the Secretary of the Company at the Company's principal office at 1601 22nd Street, West Des Moines, Iowa 50266, Attn: Alice A. Jensen, Corporate Secretary. You may also withdraw a proxy by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting without voting in person will not serve as the revocation of a proxy.

The Company will bear the cost of solicitation of proxies. In addition to the use of mail, proxies may be solicited by officers, directors, and employees of the Company, without extra compensation, by telephone, e-mail, facsimile, or personal contact. It will greatly assist the Company in limiting expense in connection with the Annual Meeting if each Shareholder who does not expect to attend the Annual Meeting will promptly return a signed proxy or vote via the internet.

PROPOSALS FOR ANNUAL MEETING

1. Election of Directors. The Board currently consists of eight members. One director, Wendy L. Carlson, has informed the Company’s Nominating and Corporate Governance Committee of the Board of Directors of her intention not to stand for re-election. Ms. Carlson did not cite any disagreement with the Company in announcing her intention not to stand for re-election. The term for directors is until the next Annual Shareholders Meeting and until their successors are duly elected and qualified or until their earlier resignation, removal from office, death, or incapacity.

The Bylaws of the Company provide that the number of directors of the Company shall not be less than five or greater than 15. The Board has set the number of directors for 2009 at 13. Proxies cannot be voted for more than 13 persons.

The Board recommends a vote FOR the nominees listed in the table on the next page.

Proxies in the accompanying form will be voted FOR the election of the listed individuals, unless contrary instructions are given. If any nominee or nominees shall become unavailable for election, it is intended that the proxies will be voted for the election of the substitute nominees as the Board may propose. Any Shareholder has the option to withhold authority to vote for any or all nominees, or to withhold authority to vote for individual nominees. The effect of withholding authority to vote for any of the nominees is that the Shareholder is considered present at the Annual Meeting for quorum requirements, but the vote is not a vote in favor of the nominee for purposes of determining whether the nominee receives a plurality of the votes cast at the Annual Meeting.

Information concerning the nominees, including their ages, year first elected as director, and business experience during the previous five years as of February 20, 2009, is set forth in the following table. Of the nominees, Frank W. Berlin, Orville E. Crowley, George D. Milligan, Robert G. Pulver, Thomas E. Stanberry, Jack G. Wahlig, and Connie Wimer are currently serving as directors of the Company and all nominees, except Orville E. Crowley, also serve as directors of West Bank, a subsidiary of the Company. Mr. Crowley serves as an emeritus member of the West Bank board of directors. Of the nominees, Mr. Stanberry, Mr. Gulling, and Mr. Winterbottom are currently directors of WB Capital Management Inc. (“WB Capital”), a subsidiary of the Company.

The following individuals have been nominated by the Nominating and Corporate Governance Committee as new directors of the Company:

Thomas A. Carlstrom, Neurosurgeon, Private practice, Des Moines, Iowa
Joyce A. Chapman, Executive Vice President – Retired, West Bank
Douglas R. Gulling, Executive Vice President and Chief Financial Officer of the Company; Chief Financial Officer of West Bank; Interim Chief Executive Officer, Director, and Treasurer of WB Capital Management Inc.

Kaye R. Lozier, Director of Development, Community Foundation of Greater Des Moines
David R. Milligan, Senior Vice President, West Bank
Brad L. Winterbottom, Executive Vice President of the Company; President of West Bank

Name (Age)	Has Served as a Director Since	Position with Company and its Subsidiaries and/or Principal Occupation
Frank W. Berlin (Age 63)	1995	President, Frank W. Berlin & Associates, West Des Moines, Iowa
Thomas A. Carlstrom (Age 63)	-	Neurosurgeon, Private practice, Des Moines, Iowa
Joyce A. Chapman (Age 64)	-	Executive Vice President, West Bank - Retired
Orville E. Crowley (Age 82)	1984	President and Chief Operating Officer, Linden Lane Farms Company, Cumming, Iowa
Douglas R. Gulling (Age 55)	-	Executive Vice President and Chief Financial Officer of the Company; Chief Financial Officer of West Bank; Interim Chief Executive Officer, Director and Treasurer of WB Capital Management Inc.
Kaye R. Lozier (Age 63)	-	Director of Development, Community Foundation of Greater Des Moines, Des Moines, Iowa
David R. Milligan (Age 61)	-	Senior Vice President, West Bank
George D. Milligan (Age 52)	2005	President, The Graham Group, Inc., Des Moines, Iowa
Robert G. Pulver (Age 61)	1984	President and Chief Executive Officer, All-State Industries, Inc., West Des Moines, Iowa
Thomas E. Stanberry (Age 54)	2003	Chairman, President and Chief Executive Officer of the Company; Chairman and Chief Executive Officer of West Bank; Chairman of WB Capital Management Inc.
Jack G. Wahlig (Age 76)	2001	President, Integrus Financial, L.C., West Des Moines, Iowa
Connie Wimer (Age 76)	1985	Chairman, Business Publications Corporation, Des Moines, Iowa
Brad L. Winterbottom (Age 52)	-	Executive Vice President of the Company; President, West Bank; Director, WB Capital Management Inc.

In addition to the positions listed above, the nominees were employed in the following capacities during the past five years. Mr. David R. Milligan retired as Executive Vice President of the Company, as Chairman and Chief Executive Officer of West Bank, and as a director of WB Capital as of December 31, 2004. He served as a director of the Company from 2002 through 2004, and as Vice Chairman of West Bank until December 2006. He has been "Of Counsel" with Ahlers & Cooney, P.C. since March 2007. He resumed part-time employment at West Bank in February 2009. Ms. Chapman served as Executive Vice President of West Bank and retired as of December 31, 2006. None of the nominees for director have any family relationship with any other nominees or with any executive officers of the Company.

With the exception of Joyce A. Chapman, who is a director of American Equity Investment Life Holding Company, George D. Milligan, who is a director of United Fire & Casualty Company, and Robert G. Pulver, who is a director of Summit Hotel Properties, LLC, none of the other above nominees hold a directorship in any other company with a class of securities registered pursuant to Section 12 or subject to Section 15(d) of the Securities Exchange Act or registered as an investment company under the Investment Company Act of 1940.

None of the nominees for director have been involved in any legal proceedings during the past five years that require disclosure.

2. Approve the 2008 Compensation of the Company's Named Executive Officers. The American Recovery and Reinvestment Act of 2009 requires the Company to permit a separate shareholder vote to approve, on a non-binding basis, the 2008 compensation of executives as disclosed in the "Executive Compensation" section of this Proxy Statement. The Company's Board of Directors, at the recommendation of its Compensation Committee, has previously approved the 2008 compensation.

The Board recommends a vote FOR approval of the 2008 executive compensation. Proxies in the accompanying form will be voted FOR approval of 2008 executive compensation unless contrary instructions are given.

3. Ratify the Appointment of Independent Registered Public Accounting Firm. The Board of Directors of the Company, at the recommendation of the Audit Committee, has approved the accounting firm of McGladrey & Pullen, LLP, independent certified public accountants, as the independent registered public accounting firm for the Company for the year ending December 31, 2009. McGladrey & Pullen, LLP will conduct the audit examination of the Company and its subsidiaries for 2009. McGladrey & Pullen, LLP was also the independent registered public accounting firm and performed the Company's audit for the years ending December 31, 2008 and 2007. The Company is asking its Shareholders to ratify the appointment of McGladrey & Pullen, LLP. For a description of the fees for services rendered by McGladrey & Pullen, LLP for 2008 and 2007, and a description of the Company's policy regarding the approval of independent registered public accountants' fees, see the section of this report titled "Independent Registered Public Accounting Firm."

Although ratification by the Shareholders is not required by law, the Board has determined that it is desirable to request approval of this selection by the Shareholders. In the event the Shareholders fail to ratify the appointment, the Audit Committee will consider this factor when making any determination regarding McGladrey & Pullen, LLP. If the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its Shareholders.

The Board recommends a vote FOR the ratification of the appointment of McGladrey & Pullen, LLP as the independent registered public accounting firm for the year ending December 31, 2009. Proxies in the accompanying form will be voted FOR the ratification of the appointment of McGladrey & Pullen, LLP as the independent registered public accounting firm for the year ending December 31, 2009, unless contrary instructions are given.

4. Other Matters. Management does not know of any other matters to be presented at the Annual Meeting, but should other matters properly come before the Annual Meeting, the proxies will vote on such matters in accordance with their best judgment.

BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

The Board currently has eight directors. The Board has determined that the following seven directors are "independent" as defined by NASDAQ:

Frank W. Berlin
Wendy L. Carlson
Orville E. Crowley
George D. Milligan
Robert G. Pulver
Jack G. Wahlig
Connie Wimer

The Board has also determined that Thomas A. Carlstrom and Kaye R. Lozier would be independent directors if elected.

In 2008, the Board held four regularly scheduled quarterly meetings. One organizational meeting, two special meetings, and two Executive Committee meetings were also held. Each director is required to attend at least 75 percent of the full Board meetings and the meetings of any committees on which the director serves. This requirement was satisfied by all directors except Wendy L. Carlson. Ms. Carlson was absent from one regular meeting, one special meeting, and two Audit Committee meetings. Board members are encouraged to attend the Annual Shareholders' Meeting, and all Board members attended the 2008 Annual Meeting, except Mr. Pulver.

The Board has established the following standing committees:

Audit Committee
Compensation Committee
Nominating and Corporate Governance Committee

The Board has adopted written charters for each standing committee. The charters may be seen on the Investor Relations, Corporate Governance section of the Company's website (www.westbankiowa.com). The membership and primary responsibilities of the committees are described below. The 2008 report of each committee follows its description.

Consistent with the NASDAQ listing requirements, the independent directors regularly have the opportunity to meet without Thomas E. Stanberry or any member of management present. During 2008, the independent directors met in such capacity four times.

Audit Committee. The members of the Audit Committee are Jack G. Wahlig, Chair, Wendy L. Carlson, George D. Milligan, and Connie Wimer. Jack G. Wahlig is a "financial expert" as defined in the Sarbanes-Oxley Act of 2002 and related regulations. He retired in 1995 as the national managing partner of the public accounting firm of McGladrey & Pullen, LLP, after a 41-year career. The Committee recommends independent auditors to the Board; reviews with the independent auditors the plan, scope, and results of the auditors' services; approves their fees; and reviews the Company's financial reporting and internal control functions. Additionally, the Committee reviews all policies of the Company and its subsidiaries prior to submission of the policies to the Board of the Company for approval. The Committee also performs the duties set forth in its written charter. The Committee is also prepared to meet privately at any time at the request of the independent registered public accountants or members of management to review any special situation arising on any of the above subjects. The Audit Committee regularly reviews its written charter and recommends to the Board changes to the charter when deemed necessary. The Audit Committee met four times during 2008. George D. Milligan is the only member of the Audit Committee who also serves on the audit committee of another listed company.

Audit Committee Report

The incorporation by reference of this proxy statement into any document filed with the SEC by the Company shall not be deemed to include the following report unless such report is specifically stated to be incorporated by reference into such document.

The Audit Committee hereby states as follows:

- it has reviewed and discussed the audited financial statements as of and for the year ended December 31, 2008, with management,

- it has discussed with the independent auditors the matters required to be discussed by the statement on Auditing Standards No. 61, as amended, (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public

Company Accounting Oversight Board in Rule 3200T,

- it has received the written disclosures and the letter from the independent accountant required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant’s communications with the audit committee concerning independence, and has discussed with the independent accountant the independent accountant’s independence,

- based on the review and discussions referred to immediately above, it recommended to the Board that the audited financial statements be included in the Company’s annual report on Form 10-K for the year ended December 31, 2008, for filing with the SEC,

- it has reviewed and approved or ratified all related party transactions between the Company and its directors, and

- the Board has approved the Audit Committee Charter.

The undersigned members of the Audit Committee have submitted this report.

Jack G. Wahlig, Chair
Wendy L. Carlson
George D. Milligan
Connie Wimer

Compensation Committee. The current members of the Compensation Committee are Robert G. Pulver, Chair, Frank W. Berlin, Orville E. Crowley, and George D. Milligan. Each of the committee members are independent directors. The Compensation Committee reviews the Company's compensation and benefit policies, including the individual salaries of the executive officers; makes recommendations to the Board as to the salary of the Chief Executive Officer; makes recommendations to the Board as to incentive compensation plans and employment agreements between the Company, the Chief Executive Officer, and other executive officers; and makes recommendations to the Board concerning director compensation. Additional details about the Committee's processes and procedures are discussed in the Compensation Discussion and Analysis below. The Compensation Committee met seven times during 2008.

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee are set forth above. No Committee members have ever been officers or employees of the Company or have been parties to any related-party transaction requiring disclosures.

Compensation Committee Report

The incorporation by reference of this proxy statement into any document filed with the SEC by the Company shall not be deemed to include the following report unless such report is specifically stated to be incorporated by reference into such document.

The Compensation Committee hereby states as follows:

- it has reviewed and discussed the Compensation Discussion & Analysis with management, and
- based on the review and discussion referred to immediately above, it recommended to the Board that the Compensation Discussion & Analysis be included in the Company's annual report on Form 10-K and this proxy statement.

The undersigned members of the Compensation Committee have submitted this report.

Robert G. Pulver, Chair
Frank W. Berlin
Orville E. Crowley
George D. Milligan

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee members are Frank W. Berlin, Chair, Wendy L. Carlson, and Robert G. Pulver, all of whom are independent directors. During 2008, the Nominating and Corporate Governance Committee met one time. This Committee makes recommendations to the Board regarding the composition and structure of the Board and nominations for election of directors, including the director-nominees proposed in this proxy statement. It develops policies and processes regarding principles of corporate governance in order to ensure the Board's compliance with its fiduciary duties to the Company and its

Shareholders, including establishment and periodic review of a code of ethics and conduct for all directors and employees. This Committee will consider, as part of its nomination process, any director candidate recommended by a Shareholder who follows the procedures shown under the heading "2010 Shareholder Proposals."

The Nominating and Corporate Governance Committee follows the process described below when identifying and evaluating nominees to the Board:

Procedures for identifying candidates:

a) Review current directors of the Company.
b) Review current directors of the Company's banking subsidiary, West Bank.
c) Solicit input from existing directors and executive officers.
d) Review submissions from Shareholders, if any.

The following criteria will be considered when evaluating nominee candidates:

a) Composition

The Board should be composed of:

1. Directors chosen with a view to bringing to the Board a variety of experiences and backgrounds;
2. Directors who have high-level managerial experience or are accustomed to dealing with complex business problems; and
3. Directors who will represent the balanced, best interests of the Shareholders as a whole rather than special interest groups or constituencies, while also taking into consideration the overall composition and needs of the Board.

A majority of the Board's directors shall be independent directors under the criteria for independence required by the SEC and NASDAQ.

b) Selection Criteria

In considering possible candidates for nomination as an independent director, the Committee and other directors should consider the following general guidelines and criteria:

1. A director should be of the highest character and integrity, have experience at or demonstrated understanding of strategy/policy-setting, and have a reputation for working constructively with others;
2. A director should have sufficient time available to devote to the affairs of the Company in order to carry out the responsibilities of a director;
3. A director should be free of any conflict of interest that would interfere with the proper performance of the responsibilities of a director; and
4. The Chief Executive Officer is expected to be a director. Other members of senior management may be considered, but Board membership is not necessary or a prerequisite to a higher management position.

Nominating and Corporate Governance Committee Report

The Nominating and Corporate Governance Committee evaluated the qualifications and performance of each of the members of the Board of Directors. In its evaluation, the Committee compared each of the current directors to the qualifications and characteristics of a director set forth in the Committee's charter. The Committee then polled each director to determine his or her willingness to stand for re-election. In doing so, Ms. Wendy L. Carlson indicated it was her desire to not stand for re-election to the Board due to the additional demands on her time caused by her new position as Chief Executive Officer and President of American Equity Investment Life Holding Company. The Committee sought and reviewed information concerning potential director nominees.

The Committee determined that the Company would be benefited by adding six current West Bank directors to the holding company board. Accordingly, the Committee recommended to the Board that Thomas A. Carlstrom, Joyce A. Chapman, Douglas R. Gulling, Kaye R. Lozier, David R. Milligan, and Brad L. Winterbottom be nominated for election as directors. The Board approved the Committee's recommendation. The Committee also concluded that each of the current Board members, other than Ms. Carlson, should be nominated for re-election at the Annual Meeting.

The Committee reviewed the adequacy of its charter and the charters of the Audit and Compensation Committees. The Committee did not recommend any modifications to its charter or the charters of the Audit Committee or Compensation Committee. The Committee also reviewed the Company's Code of Conduct and did not recommend any modifications. The Committee performed all the other duties stated in its charter.

The undersigned members of the Nominating and Corporate Governance Committee have submitted this report.

Frank W. Berlin, Chair
Wendy L. Carlson
Robert G. Pulver

2008 Directors' Compensation

Directors of the Company received an annual retainer of $8,000, payable quarterly, plus $500 per regular meeting (board and committee) or $600 for Audit Committee meetings. If a Committee meeting was on the same day as a regular board meeting, the fee paid for attending both meetings was $600 for an Audit Committee meeting and $500 for any other committee meeting. Directors of the Company who also served as directors of West Bank received fees of $450 for each West Bank board meeting attended (eleven meetings held) plus an annual retainer of $6,500, $500 for loan committee meetings attended, and $400 for other committee meetings attended. Mr. Stanberry and other employees do not receive director's fees.

The Chairs of the Audit and Compensation Committee receive an additional meeting fee of $100. If there are multiple meetings on one day, the maximum fee paid will be the highest fee for one meeting.

Directors of the Company are eligible to receive grants of restricted stock under the Restricted Stock Compensation Plan. No awards were made under this plan during 2008.

The following table sets forth all compensation earned or paid to the directors for services rendered in the fiscal year ended December 31, 2008.

Name	Fees Paid by Company	Fees Paid by Subsidiary	All Other Compensation (1)	Total
Frank W. Berlin	$ 20,050	$ 17,450	$ -	$ 37,500
Wendy L. Carlson (2)	11,700	900	-	12,600
Orville E. Crowley	18,775	5,225	5,126	29,126
George D. Milligan	21,850	16,950	400	39,200
Robert G. Pulver	19,750	17,450	491	37,691
Jack G. Wahlig	19,350	11,450	480	31,280
Connie Wimer	18,950	11,900	1,095	31,945

(1) All other compensation consists of fees normally charged by the West Bank trust department, which were waived for the directors.

(2) Received compensation for attending two West Bank meetings

Security Ownership of Certain Beneficial Owners and Executive Officers

The following table contains the shares of Common Stock beneficially owned by each director, director nominee, named executive officer listed in the Summary Compensation Table, and all directors and executive officers of the Company and subsidiaries (including named executive officers) as a group. The ownership information is as of February 20, 2009.

Name	Shares Beneficially Owned (1) (2)	Percent of Total Shares Outstanding
Frank W. Berlin	46,856	*
Wendy L. Carlson	500	*
Thomas A. Carlstrom	17,997	*
Joyce A. Chapman (3)	-	*
Orville E. Crowley (4)	133,258	*
Scott D. Eltjes (5)	9,074	*
Douglas R. Gulling	14,437	*
Jeffrey D. Lorenzen (6)	2,399	*
Kaye R. Lozier	2,720	*
David R. Milligan	5,700	*
George D. Milligan	1,500	*
Robert G. Pulver (7) (8)	72,845	*
Thomas E. Stanberry (9)	21,960	*
Jack G. Wahlig	-	*
Connie Wimer	28,848	*
Brad L. Winterbottom	9,615	*
Executive officers and directors as a group (16 persons)	367,709	2.11%

* Indicates less than 1% ownership of outstanding shares.

(1) Shares “beneficially owned” include shares owned by or for, among others, the spouse and/or minor children of the named individual and any other relative who has the same home address as such individual, as well as other shares with respect to which the named individual has or shares voting or investment power. Beneficial ownership may be disclaimed as to certain of the shares.

(2) Except as otherwise indicated in the following notes, each named individual owns his or her shares directly, or indirectly through a self-directed IRA or the Company’s Employee Savings and Stock Ownership Plan, and has sole investment and voting power with respect to such shares.

(3) Ms. Chapman disclaims any beneficial ownership of 28,224 shares held in her spouse’s name.

(4) Mr. Crowley disclaims any beneficial ownership of 297,675 shares held in his spouse’s name.

(5) Mr. Eltjes resigned effective January 14, 2009.

(6) Mr. Lorenzen resigned effective January 23, 2009.

(7) Mr. Pulver disclaims any beneficial ownership of 6,614 shares held in his spouse’s name.

(8) 59,875 of Mr. Pulver’s shares are pledged as security.

(9) Mr. Stanberry disclaims any beneficial ownership of 495 shares held in his spouse’s name.

Other Beneficial Owners

The following table sets forth certain information on each person known to the Company to be the beneficial owner, as of February 20, 2009, of more than five percent of the Company's Common and Preferred Stock.

Name and Address	Shares Beneficially Owned	Percent of Total Shares Outstanding
Common Stock:		
The Jay Newlin Trust 6165 NW 86th Street Johnston, IA 50131	1,041,952	5.99%
American Equity Investment Life Holding Company 5000 Westown Parkway, Suite 440 West Des Moines, IA 50266	1,457,051	8.37%
Preferred Stock:		
U.S. Department of the Treasury 1500 Pennsylvania Avenue, NW Washington, D.C. 20220	36,000	100.00%

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires that the Company's directors and executive officers and persons who own more than ten percent of the Company's Common Stock file initial reports of ownership and reports of changes of ownership with the SEC and NASDAQ. Reporting persons are required by the SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. The Company has not received any Section 16(a) form indicating that any one person owns more than ten percent of the Company's stock and the Company does not know of any one Shareholder who owns more than ten percent of the Company's stock. Based solely on its review of the copies of Section 16(a) forms received from its directors and executive officers and written representations that no other reports were required, the Company believes that all Section 16(a) reports applicable to its directors and officers during 2008 were filed.

Change in Control Agreements

The Company does not know of any arrangements, including pledges that would result in a future change in control of the Company.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation Philosophy and Objectives

The Company believes that a strong management team comprised of talented individuals in key positions is essential for the profitability and overall success of the Company. The Company's executive compensation program should be a means for attracting, retaining, and motivating such individuals. Therefore, it is important that the Company's named executive officers, who are indentified in the Summary Compensation Table below, receive an aggregate compensation package that is both competitive with compensation received by similarly-situated executive officers and reflective of each individual officer's contributions to the success of the Company.

The Company has historically favored annual performance-based cash compensation over deferred cash or equity compensation. Annual compensation for the named executive officers consists of base salary, cash incentive bonus, and traditional benefits, including profit sharing through the Company's Employee Savings and Stock Ownership Plan. The Company has authorized a restricted stock grant program, but has not yet used the program.

The Company's executive compensation program is designed to promote the following main objectives:

- Create shareholder value by providing the Company the consistent ability to attract and retain outstanding and motivated employees; and
- Provide the executive officers fair market rate total compensation for successfully implementing the Company's Mission Statement and assisting the Board in developing successful strategic direction for the long-term success of the Company.

Important factors considered by the Compensation Committee while pursuing the Company's compensation objectives include:

- The financial performance of the Company based on a comparison of actual net income to budgeted net income;
- Returns on assets and equity exceeding the returns of peers by a predetermined percentage;
- In the case of all executives except the Chief Executive Officer, the Chief Executive Officer's recommendations; and
- Leadership, community involvement, and overall quality of contribution to the strategic success of the Company and its affiliates.

With these objectives serving as a foundation, the Company, through its Compensation Committee, seeks to reward positive results, leadership, innovation, and entrepreneurship by its executive officers.

Administration, Process, and 2008 Compensation

The Company's executive compensation program is administered by the Compensation Committee. The Compensation Committee's Charter may be reviewed on the Company's website under Investor Relations, Corporate Governance.

The Compensation Committee does not use formulaic or mechanical procedures in determining compensation amounts or allocation of specific elements of compensation, or in determining types of awards to be granted. Rather, the Compensation Committee establishes base salary and target performance levels based on a number of factors that are designed to further the Company's compensation objectives.

The Compensation Committee meets periodically throughout the fiscal year. There were seven committee meetings in 2008. The Committee considers whether the Company's compensation program is adequately competitive with other similar financial service businesses and monitors the financial performance of the Company, its subsidiaries, and the contributions of the senior executives. The Committee has previously used peer group analysis while determining the competitiveness of the Company's senior executive compensation. However, peer group analysis was not used during 2008 because of the unprecedented adverse business and financial experiences of the Company and its peers. Peer group analysis will likely be used again in the future. The Compensation Committee has also previously used a compensation consultant, including in 2007, but did not do so in 2008 due to the unusual business stress on the Company and its subsidiaries. The Committee will likely use consultant services again in the future.

The Compensation Committee annually reviews and approves corporate goals and objectives related to Mr. Stanberry's compensation. The Committee evaluates Mr. Stanberry's performance in light of these goals and objectives and recommends a compensation package to the full Board based on this evaluation. Mr. Stanberry may not be present during the voting or any deliberation concerning his compensation. The Compensation Committee also makes annual recommendations to the Board concerning compensation of the Company's executive officers, officers and employees of West Bank, and officers and employees of WB Capital. Mr. Stanberry participates in those committee deliberations.

Base salaries for Messrs. Stanberry, Gulling, and Winterbottom were determined for 2008 by reviewing information from various sources, including a 2007 compensation consultant analysis regarding the base salary paid to key executives in publicly-owned financial services organizations of similar size in the Midwest. The 2008 base salaries for Messrs. Stanberry, Gulling, and Winterbottom were $250,000, $210,000, and $210,000, respectively. Those base salaries will be paid in 2009 also. The base salaries are set in each officer's employment agreement. They are to be reviewed at least annually by the Compensation Committee and they may be increased, but not decreased. The base salaries are to be the minimum annual compensation for these named executive officers.

The kind and amount of traditional benefits are determined on information available to the Compensation Committee regarding the type and amount of benefits made available to key executives of similar companies located in central and eastern Iowa. The named executive officers receive the same employee benefits as all other officers plus the club dues indicated in footnote 3 of the Summary Compensation Table. Those benefits are set at levels the Company believes to be competitive and fair in its marketplaces.

Profit sharing (part of the Company's Employee Savings and Stock Ownership Plan) and cash incentive bonuses are the elements of the compensation program that are most directly tied to the performance of the Company. The named executive officers receive the same profit sharing percentage as other employees of the Company and its affiliates receive. The amount of the annual profit sharing award is determined by the Board based on annual earnings. In 2007 profit sharing awards were five percent of annual salary. The awards were reduced to three percent for 2008 due to the financial performance of the Company.

The named executive officers are also eligible to receive a cash incentive bonus payment. The Compensation Committee annually determines the target cash incentive bonus each named executive officer is eligible to receive in the following year. In 2008, the targets for incentive bonuses were $400,000, $100,000, and $120,000, respectively, for Messrs. Stanberry, Gulling, and Winterbottom. The target for Mr. Lorenzen was $131,000. Mr. Eltjes' employment contract did not provide for a cash incentive bonus.

Awards, if any, may be smaller or greater than the target. At the end of each year, the Compensation Committee reviews its compensation factors and other material information, and determines the percentage of the target cash incentive bonus to actually award Messrs. Stanberry, Winterbottom, and Gulling. The most significant compensation factors applied by the Compensation Committee while determining cash incentive bonuses and the approximate weight of the factors in the decision are as follows:

- Actual net income as a percentage of budgeted net income on a consolidated basis and by individual subsidiary (85%);
- Return on assets exceeding 140 percent of the Company's peer group average (5%);
- Return on equity exceeding 130 percent of the Company's peer group average (5%); and
- Strategic contribution, community involvement, and leadership of the Company (5%).

The peer group consists of all bank holding companies in the United States with total assets between $1 billion and $3 billion.

Based on these factors and with the named executive officers' input, the Compensation Committee recommended, and the Board approved, no 2008 cash incentive bonuses for Messrs. Stanberry, Gulling, and Winterbottom.

Emergency Economic Stabilization Act Certification

The Compensation Committee certifies that it has reviewed with senior risk officers (Messrs. Stanberry, Gulling, and Winterbottom) all incentive compensation arrangements and has made reasonable efforts to ensure that such arrangements do not encourage any officers to take unnecessary and excessive risks that might threaten the value of the Company or either of its subsidiaries.

Summary Compensation Table

The following table provides information concerning total compensation earned or paid to the Chief Executive Officer, the Chief Financial Officer, and the three other most highly compensated executive officers of the Company for services rendered in the year ended December 31, 2008. These five officers are referred to as the Named Executive Officers in this proxy statement.

In 2008, West Bank paid Messrs. Stanberry, Gulling, and Winterbottom, rather than the Company. Messrs. Eltjes and Lorenzen were paid by WB Capital.

Name and Principal Positions	Year	Salary	Bonus	Non-Equity Incentive Plan Compensation (2)	All Other Compensation (3)	Total
Thomas E. Stanberry, Chairman, President and	2008	$ 250,000	$ 5,000(1)	$ -	$ 20,723	$ 275,723
Chief Executive Officer of the Company	2007	250,000	5,000(1)	210,000	25,228	490,228
Chairman and Chief Executive Officer of West Bank	2006	250,000	5,000(1)	276,000	27,762	558,762
Chairman of WB Capital Management Inc.						
Douglas R. Gulling, Executive Vice President and	2008	$ 210,000	$ 4,200(1)	$ -	$ 16,915	$ 231,115
Chief Financial Officer of the Company	2007	200,000	4,000(1)	35,000	18,781	257,781
Director and Chief Financial Officer of West Bank	2006	200,000	4,000(1)	46,000	20,770	270,770
Interim Chief Executive Officer, Director and Treasurer of WB Capital Management Inc.						
Brad L. Winterbottom, Executive Vice President	2008	$ 210,000	$ 4,200(1)	$ -	$ 22,573	$ 236,773
of the Company	2007	200,000	4,000(1)	70,000	25,598	299,598
Director and President of West Bank	2006	200,000	4,000(1)	91,000	27,242	322,242
Director of WB Capital Management Inc.						
Scott D. Eltjes, Director and Chief Executive	2008	$ 209,000	$ -	$ -	$ 14,947	$ 223,947
Officer of WB Capital Management Inc. (4)	2007	209,000	-	-	19,127	228,127
	2006	209,000	-	-	6,489	215,489

Jeffrey D. Lorenzen, Director,						
President	2008	$ 219,751	$ -	$ -	$ 21,702	$ 241,453
and Chief Investment Officer						
of WB Capital	2007	214,100	84,750	-	25,432	324,282
Management Inc. (4)	2006	209,000	110,770	-	35,049	354,819

(1) Consists of a holiday bonus equal to two percent of annual salary, which is paid to all officers and employees of West Bank.

(2) Amounts are shown in the year accrued.

(3) Consists entirely of contributions made by the Company on behalf of the Named Executive Officer to the Company's Employee Savings and Stock Ownership Plan (including 401(k) match and profit sharing contribution) except for the following amounts for 2008, 2007, and 2006, respectively, which represent premiums on group term life insurance coverage: Stanberry - $897, $897, and $897; Gulling - $1,367, $781, and $770; Winterbottom - $731, $748, and $503; Eltjes - $317, $317, and $219; and Lorenzen $336, $317, and $317; and club dues for Stanberry - $3,726, $4,081, and $4,865; Gulling - $850, $0, and $0; Winterbottom - $7,144, $6,850, and $6,739; and Lorenzen - $5,984, $5,919, and $5,967.

(4) Mr. Eltjes and Mr. Lorenzen resigned effective January 14, 2009, and January 23, 2009, respectively. Mr. Gulling was named Interim Chief Executive Officer of WB Capital.

Equity Compensation Plan Information

Restricted stock grants were authorized by the Shareholders in 2005; however, no grants have been awarded. The Board has to date determined that cash compensation paid annually has been in the best interests of the Company. The Company does not have a stock option plan.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in (a)) (c)
Equity compensation plans approved by security holders	-	$ -	300,000
Equity compensation plans not approved by security holders	-	-	-
Total	-	$ -	300,000

Potential Payments Upon Termination or Change in Control as of December 31, 2008

The American Recovery and Reinvestment Act of 2009 (the "ARRA") became law on February 17, 2009. The ARRA requires the Secretary of the Treasury to establish certain standards for executive compensation which will apply to the Company as long as any obligation arising from financial assistance provided the Company under the Emergency Economic Stabilization Act of 2008 remains outstanding. Those standards will prohibit the Company from paying its named executive officers any severance benefits. The following information describes the severance benefits that existed as of December 31, 2008, and which may again become effective sometime in the future.

The following table shows contract payments that would have been due certain named executive officers if their employment had been terminated on December 31, 2008, for various assumed reasons. No severance payments would have been due Messrs. Eltjes and Lorenzen if their employment had been terminated on December 31, 2008.

During 2008, the Company and Messrs. Stanberry, Gulling, and Winterbottom entered into new employment agreements. The contracts are similar to each other in form. The contracts originally ran through December 31, 2010. However, they automatically renew for a three-year term every January 1 unless the Company gives written notice of nonrenewal by November 30 of the preceding year. No such notice was given in 2008, and, therefore, as of January 1, 2009, the contracts run through December 31, 2011. The agreements contain restrictions on the use of the Company's confidential information, intellectual property, and trade secrets. The agreements also contain provisions prohibiting certain competition, solicitation, or tampering during the terms of the contracts and for one year after termination or resignation of employment. Each contract contains an agreement that the Company's rights may be enforced by injunctive relief. Disputes under or concerning the agreements must be resolved by amicable negotiations or confidential binding arbitration. The complete agreements are reproduced as attachments to the Company's May 23, 2008, report on Form 8-K.

The agreements provide for severance payments to the officers if their employment is terminated for death, "permanent disability," "without cause," for "good reason," or in the event of a "change in control" of the Company. The agreements do not provide for any severance payments if the Company terminates an agreement for "due cause" or if an executive voluntarily resigns for other than "good reason." The phrases "permanent disability," "due cause," "good reason," and "chang in control" are defined in the agreements, and the Company believes the terms are reasonably typical of similar terms in other executive employment agreements.

If one of Messrs. Stanberry, Gulling, or Winterbottom had died on December 31, 2008, the Company would have been obligated to pay his designated beneficiary one month of base salary plus 75 percent of his incentive bonus target for 2008. The 2008 incentive bonus targets were $400,000, $100,000, and $120,000 for Messrs. Stanberry, Gulling, and Winterbottom respectively. As of December 31, 2008, the contractual death benefits for Messrs. Stanberry, Gulling, and Winterbottom would have been $320,833, $92,500, and $107,500.

If one of the three named executive officers becomes permanently disabled and eligible for long-term disability benefits under the Company's long-term disability plan, the Company would supplement the first year of long-term disability insurance benefits so that the executive would be paid full base salary for twelve months after becoming disabled. Alternatively, if permanent disability is established by certification by one or more doctors acceptable to the Company and the officer, but no insurance benefit is available, then the Company shall pay the officer base salary for one year after the disability determination. In either instance, the executive would also receive 75 percent of the officer's incentive compensation target for the year in which disability is determined, prorated to the date of disability. For a permanent disability starting on December 31, 2008, the maximum payments due Messrs. Stanberry, Gulling, and Winterbottom would have been $550,000, $285,000, and $300,000 respectively. Those payments would include lump sum payments of $300,000, $75,000, and $90,000 respectively, and the payment of base salary during the year following the disability determination.

If any of the three named executive officers are terminated without cause, they are contractually entitled to a severance benefit of three times base salary, to be paid within sixty days of termination, plus insurance premiums to provide the executive with family health coverage under COBRA for one year after termination. The lump sum without cause severance benefits for a termination on December 31, 2008, would have been $750,000, $630,000, and $630,000 for Messrs. Stanberry, Gulling, and Winterbottom, respectively, and the medical premium benefit would have cost approximately $10,500.

The employment agreements also provide for severance benefits if any of the three executives terminates employment for good reason, which generally means a termination after the executive's job functions or location have been materially changed. In order to be eligible for a good reason severance benefit, the executive has to provide the Company a ninety-day notice of termination that includes a thirty-day cure period. If a good reason termination becomes effective, the executive is due a severance benefit of at least the amount of base salary plus 75 percent of the current incentive target, in the case of Mr. Stanberry, or $100,000 in the case of Messrs. Gulling or Winterbottom, for the remaining term of the employment agreement. The lump sum benefit must be paid within sixty days after the revocation period following execution of a required release of claims. In addition, the Company would pay insurance premiums to provide the executive with family health coverage under COBRA for one year after employment ceases. If the officer terminates an agreement for good reason and he was also then eligible for a change in control severance benefit (as described below), he may choose between the alternative benefits. The change in control severance benefit in most instances would be a larger payment than the good reason benefit, but the change in control benefit is contingent on additional efforts by the officer. The amounts of the good reason severance benefits, other than the change in control benefits, for a termination on December 31, 2008, would have been $1,100,000, $620,000, and $620,000 for Messrs. Stanberry, Gulling, and Winterbottom, respectively, plus approximately $10,500 for medical insurance premiums.

The change of control severance benefits are three times the sum of base salary plus 75 percent of the existing incentive bonus target for Mr. Stanberry and three times the sum of base salary plus $100,000 for Messrs. Gulling and Winterbottom. In addition, the Company would pay insurance premiums to provide the executive with family health coverage under COBRA for one year after employment ceases. The change in control benefits are not paid until after the officer makes himself available to work for the Company or its successor for a transition period of not more than six months after a change in control. The change of control benefits shall be paid within sixty days after the waiver or expiration of the transition period and after the expiration of any revocation period following the officer's execution of a required release of claims. The amounts of this benefit for a change of control termination on December 31, 2008, would have been $1,650,000, $930,000, and $930,000 for Messrs. Stanberry, Gulling, and Winterbottom, respectively, plus approximately $10,500 for medical insurance premiums.

Named Executive Officer	Death (1)	Due Cause	Permanent Disability (2)	Without Cause (3)(4)	Termination by Employee	Change of

					for Good Reason (3)(4)	Control (3)(5)
Thomas E. Stanberry	$ 320,833	$ -	$ 550,000	$ 750,000	$ 1,100,000	$ 1,650,000
Douglas R. Gulling	92,500	-	285,000	630,000	620,000	930,000
Brad L. Winterbottom	107,500	-	300,000	630,000	620,000	990,000

(1) Benefit is equal to one month of base pay plus 75 percent of incentive target compensation prorated to date of death.

(2) These numbers would be applicable if there was no available disability insurance benefit.

(3) COBRA medical benefits will also be paid for one year.

(4) If the Change of Control benefit is applicable, the Named Executive Officer can choose the Change of Control benefit, if higher.

(5) If requested, each of the Named Executive Officers must be employed six months after the Change in Control to receive full benefits.

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INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board, at the recommendation of the Audit Committee, approved McGladrey & Pullen, LLP, an independent registered public accounting firm, as the principal accountant for the Company. McGladrey & Pullen, LLP, will conduct the audit of the Company and its subsidiaries for 2009. McGladrey & Pullen, LLP was also the principal accountant and performed the audit in 2008.

A representative from McGladrey & Pullen, LLP will be present at the Annual Meeting. He will have the opportunity to make a statement and will be available to respond to appropriate questions from Shareholders.

Audit Fees

The following table presents fees for professional audit services rendered by McGladrey & Pullen, LLP for the audit of the Company's annual financial statements for the fiscal years ended December 31, 2008, and 2007, and fees billed for other services rendered by McGladrey & Pullen, LLP and its associated entity, RSM McGladrey, Inc.:

		2008		2007
Audit fees (1)	$	220,900	$	177,000
Audit-related fees (2)		23,700		43,500
Tax fees (3)		26,500		20,000
All other fees (4)		8,900		-
Total	$	280,000	$	240,500

(1) Audit fees represent fees for professional services provided for the audit of the Company's annual financial statements, review of the Company's quarterly financial statements in connection with the filing of current and periodic reports, and reporting on internal controls in accordance with Section 404 of Sarbanes-Oxley.
(2) Audit-related fees represent the audit of the Company's profit sharing plan, agreed upon procedures for student lending, and various items on new or pending accounting pronouncements.
(3) Tax fees represent fees for professional services related to tax compliance, which included preparation of tax returns and tax advice regarding acquisitions, investments, and tax credits.
(4) All other fees represent fees for due diligence services on potential acquisition.

Independence: The Audit Committee considered whether the non-audit services provided to the Company by McGladrey & Pullen, LLP and its associated entity, RSM McGladrey, Inc., are compatible with maintaining the independence of McGladrey & Pullen, LLP, and concluded that the independence of McGladrey & Pullen, LLP is not compromised by the provision of such services.

The Audit Committee pre-approves all auditing services and permitted non-audit services, including the fees and terms of those services, to be performed for the Company by its independent registered public accounting firm prior to engagement.

GENERAL MATTERS

Transactions with Related Persons

Certain directors and one executive officer of the Company have direct and indirect material interests in loans made by West Bank involving more than $120,000. All of the loans were made in West Bank's ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with other persons not related to West Bank or the Company, and did not involve more than the normal risk of collectibility or present other unfavorable features. None of the loans have been classified as non-accrual, past due, restructured, or potential problem loans.

The Audit Committee's Charter requires the Committee to review and approve all related party transactions that must be disclosed. All transactions between the Company or its subsidiaries and any related person, including loans made by West Bank, involving $120,000 or more, are reviewed to determine whether all material facts of the transaction are known to the Committee, the transaction complies with known legal requirements, and the transaction is fair to the Company or its subsidiaries. The Audit Committee completed the required review of the fiscal year 2008 related party transactions and all transactions were approved and ratified.

2010 Shareholder Proposals

In order for any proposals of Shareholders to be presented as an item of business at the Annual Meeting of Shareholders of the Company to be held in 2010, the proposal must be received at the Company's principal executive offices no later than November 7, 2009, and must be limited to 500 words. To be included in the Company's proxy statement, the Shareholder must be a holder of record or beneficial owner of at least $2,000 in market value of the Company's shares entitled to be voted on the proposal and have held the shares for at least one year, and shall continue to hold the shares through the date of the meeting. Either the Shareholder, or the Shareholder's representative who is qualified under state law to present the proposal on his or her behalf, must attend the meeting to present the proposal. Shareholders may not submit more than one proposal. A Shareholder proposal submitted outside the procedures prescribed in Rule 14a-8 under the Securities Exchange Act of 1934 shall be considered untimely unless received not later than January 21, 2010.

Shareholders wishing to recommend names of individuals for possible nomination to the Board may do so according to the following procedures:

1. Contact the Secretary of the Company to obtain the Board Membership Criteria established by the Board.
2. Make typewritten submission to the Secretary of the Company naming the proposed candidate and specifically noting how the candidate meets the criteria set forth by the Board.
3. Submit the recommendation to the Company by 120 days prior to the expected mailing date of the proxy.
4. Prove the person making the recommendation is a Shareholder who owns shares with a market value of at least $2,000 and who has held those shares for at least one year at the time the submission is made.
5. If the person being recommended is aware of the submission, he or she must sign a statement so indicating.
6. If the person being recommended is not aware of the submission, the submitter must explain why.

The written submission must be mailed to:

Corporate Secretary
West Bancorporation, Inc.
1601 22nd Street
West Des Moines, Iowa 50266

Shareholder Communications

It is the general policy of the Board that management speaks for the Company. To the extent Shareholders would like to communicate with a Company representative, they may do so by contacting Doug Gulling, Chief Financial Officer, 1601 22nd Street, West Des Moines, Iowa 50266. Mr. Gulling may be reached by telephone at 515-222-2300 or by email at dgulling@westbankiowa.com.

The Company has a process for Shareholders to send communications to the Board or any of its individual members. Any Shareholder wishing to communicate with one or more Board members should address a written communication to Mr. Gulling at one of the addresses noted above. Mr. Gulling will forward all Shareholder communications to the full Board or its individual members as appropriate.

Form 10-K

The Company will provide, when available, a copy of its annual report on Form 10-K as filed with the SEC, without charge to each Shareholder, upon request. Such request should be directed to Alice A. Jensen, Corporate Secretary, West Bancorporation, Inc., 1601 22nd Street, West Des Moines, Iowa 50266 or by calling 515-222-2300. The Company's Form 10-K will also be available on the SEC's internet website at http://www.sec.gov/edgar/searchedgar/webusers.htm and through a link at the Investor Relations, SEC Filings section of the Company’s website (www.westbankiowa.com).

Delivery of Documents to Shareholders Sharing an Address

In some instances, only one annual report or proxy statement is being delivered to two or more Shareholders who share an address. The Company has not received contrary instructions from any Shareholder. However, the Company will promptly deliver additional copies of its annual report or proxy statement to any Shareholder who makes such a request. Any Shareholder who wishes to receive separate copies of the annual report or proxy statement in the future may notify Alice A. Jensen, Corporate Secretary, at 1601 22nd Street, West Des Moines, Iowa 50266, or 515-222-2300. Alternatively, any Shareholders sharing an address who are receiving multiple copies of the annual reports or proxy statements may also notify Ms. Jensen to request delivery of only one copy.

By Order of the Board of Directors,

/s/ Alice A. Jensen

Alice A. Jensen, Secretary

March 5, 2009

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WEST BANCORPORATION, INC.

APPENDIX TO THE PROXY STATEMENT

FISCAL YEAR 2008

This Appendix to the Proxy Statement shall serve as an Annual Report to Shareholders pursuant to Rule 14a-3 of the Securities Exchange Act of 1934.

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WEST BANCORPORATION, INC.

GENERAL INFORMATION

West Bancorporation, Inc. (the "Company") is an Iowa corporation and financial holding company registered under the Bank Holding Company Act of 1956, as amended by the Gramm-Leach-Bliley Act of 1999. The Company was organized and incorporated in 1984 to serve as a holding company for its principal subsidiary, West Bank.

West Bank's operations are conducted primarily within the Des Moines and Iowa City, Iowa, metropolitan areas. The principal sources of revenue are from interest and fees earned on loans, service charges on deposit accounts, trust services, and interest on fixed income securities.

WB Capital Management Inc. ("WB Capital"), a wholly-owned subsidiary, which is a registered investment advisor, has offices in West Des Moines and Coralville, Iowa. WB Capital provides portfolio management services to high net worth individuals, retirement plans, corporations, public funds, mutual funds, foundations, and endowments.

West Bancorporation Capital Trust I (the "Trust") was formed for the purpose of issuing trust preferred securities. The Trust is recorded on the books of the Company using the equity method of accounting.

The Company's stock trades on the NASDAQ Global Select Market under the symbol WTBA.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth summary information about the directors and executive officers of the Company and certain executive officers of West Bank and WB Capital Management Inc.

Name	Position with Company, West Bank or WB Capital Management Inc. and/or Principal Occupation
Frank W. Berlin	Director of Company and West Bank; President, Frank W. Berlin & Associates, West Des Moines, Iowa
Wendy L. Carlson	Director of Company; Director, Chief Executive Officer and President, American Equity Investment Life Holding Company, West Des Moines, Iowa
Orville E. Crowley	Director of Company; President and Chief Operating Officer, Linden Lane Farms Company, Cumming, Iowa
Douglas R. Gulling	Executive Vice President and Chief Financial Officer of the Company; Director and Chief Financial Officer of West Bank; Interim Chief Executive Officer, Director and Treasurer of WB Capital Management Inc.
George D. Milligan	Director of Company and West Bank; President, The Graham Group, Inc., Des Moines, Iowa
Robert G. Pulver	Director of Company and West Bank; President and Chief Executive Officer, All-State Industries, Inc., West Des Moines, Iowa
Thomas E. Stanberry	Chairman, President and Chief Executive Officer of the Company; Chairman and Chief Executive Officer of West Bank; Chairman of WB Capital Management Inc.
Jack G. Wahlig	Director of Company and West Bank; President, Integrus Financial, L.C., West Des Moines, Iowa
Connie Wimer	Director of Company and West Bank; Chairman, Business Publications Corporation, Des Moines, Iowa
Brad L. Winterbottom	Executive Vice President of the Company;

Director and President of West Bank;
Director of WB Capital Management Inc.

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WEST BANCORPORATION, INC. AND SUBSIDIARIES
SELECTED FINANCIAL DATA

	Years Ended December 31				
(in thousands, except per share amounts)	2008	2007	2006	2005	2004
Operating Results					
Interest income	$ 72,531	$ 82,027	$ 79,736	$ 63,475	$ 49,599
Interest expense	31,431	43,823	40,669	25,102	13,952
Net interest income	41,100	38,204	39,067	38,373	35,647
Provision for loan losses	16,600	2,350	1,725	1,775	1,200
Net interest income after provision for loan losses	24,500	35,854	37,342	36,598	34,447
Noninterest income	11,706	16,365	16,168	11,744	10,860
Noninterest expense	26,946	24,823	24,975	18,872	17,122
Income before income taxes	9,260	27,396	28,535	29,470	28,185
Income taxes	1,624	8,476	9,128	9,395	9,571
Net income	$ 7,636	$ 18,920	$ 19,407	$ 20,075	$ 18,614
Dividends and Per Share Data					
Cash dividends	$ 11,138	$ 11,224	$ 10,956	$ 10,689	$ 10,484
Cash dividends per share	0.640	0.640	0.625	0.610	0.595
Basic earnings per common share	0.44	1.08	1.11	1.14	1.06
Diluted earnings per common share	0.44	1.08	1.11	1.14	1.06
Average common shares outstanding	17,405	17,536	17,537	17,537	17,599
Year End Balances					
Total assets	$ 1,553,188	$ 1,339,968	$ 1,268,536	$ 1,244,380	$ 1,148,435
Investment securities	189,608	237,378	261,578	274,719	347,052
Loans	1,101,753	985,423	904,422	867,504	725,845
Allowance for loan losses	(15,441)	(8,935)	(8,494)	(7,615)	(6,527)
Deposits	1,154,787	910,925	925,334	944,893	865,932
Long-term borrowings	145,619	123,619	106,019	99,188	101,893
Stockholders' equity	150,063	121,606	113,812	104,521	97,620
Equity to assets ratio	9.66%	9.08%	8.97%	8.40%	8.50%

	Years Ended December 31				
(dollars in thousands)	2008	2007	2006	2005	2004
Net income	$ 7,636	$ 18,920	$ 19,407	$ 20,075	$ 18,614
Average assets	1,371,401	1,309,119	1,298,410	1,192,208	1,066,511
Average stockholders' equity	118,090	116,683	107,345	100,392	94,209
Return on assets (net income divided by average assets)	0.56%	1.45%	1.49%	1.68%	1.75%
Return on equity (net income divided by average equity)	6.47%	16.21%	18.08%	20.00%	19.76%
	45.25%	44.23%	43.71%	36.50%	35.99%

Efficiency ratio (noninterest expense divided by noninterest income plus tax-equivalent net interest income)					
Dividend payout ratio (dividends paid divided by net income)	145.86%	59.32%	56.45%	53.25%	56.32%
Equity to assets ratio (average equity divided by average assets)	8.61%	8.91%	8.27%	8.42%	8.83%

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

The following discussion is provided for the consolidated operations of the Company, which includes its wholly-owned banking subsidiary, West Bank, and its wholly-owned investment advisory subsidiary, WB Capital. The purpose of this discussion is to focus on significant factors affecting the Company's financial condition and results of operations.

"SAFE HARBOR" STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT

The information contained in this report may contain forward-looking statements about the Company's growth and acquisition strategies, new products and services, and future financial performance, including earnings and dividends per share, return on average assets, return on average equity, efficiency ratio, and capital ratio. Certain statements in this report constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements preceded by, followed by, or that include the words "believes," "expects," "should," or "anticipates," or references to estimates or similar expressions. Such forward-looking statements are based upon certain underlying assumptions, risks, and uncertainties. Because of the possibility of change in the underlying assumptions, actual results could differ materially from these forward-looking statements. Risks and uncertainties that may affect future results include: interest rate risk; competitive pressures; pricing pressures on loans and deposits; changes in credit and other risks posed by the Company's loan and investment portfolios, including declines in commercial or residential real estate values or changes in the allowance for loan losses dictated by new market conditions or regulatory requirements; actions of bank and non-bank competitors; changes in local and national economic conditions; changes in regulatory requirements, including actions of the Securities and Exchange Commission and/or the Federal Reserve Board; changes in the Treasury's Capital Purchase Program; and customers' acceptance of the Company's products and services. The Company undertakes no obligation to revise or update such forward-looking statements to reflect current events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

CRITICAL ACCOUNTING POLICIES

The "Management's Discussion and Analysis of Financial Condition and Results of Operations," and disclosures included within this report, are based on the Company's audited consolidated financial statements. These statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The financial information contained in these statements is based on the financial effects of transactions and events that have already occurred. However, the preparation of these statements requires management to make certain estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses.

The Company's significant accounting policies are described in the "Notes to Consolidated Financial Statements." Based on its consideration of accounting policies that involve the most complex and subjective estimates and judgments, management has identified its most critical accounting policies to be those related to asset impairment judgments, including fair value of available for sale investment securities and recoverability of goodwill, and the allowance for loan losses.

Securities available for sale are reported at fair value, with unrealized gains and losses reported as a separate component of accumulated other comprehensive income, net of deferred income taxes. Declines in fair value of individual securities, below their amortized cost, are evaluated by management to determine whether the decline is temporary or "other than temporary." Declines in fair value of available for sale securities below their cost that are deemed “other than temporary” are reflected in earnings as impairment losses. In estimating “other-than-temporary” impairment losses, management considers a number of factors, including (1) the length of time and extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Goodwill is the excess of the cash paid over the net fair value of assets acquired and liabilities assumed in an acquisition, less the amount of identifiable intangible assets. Goodwill is tested for impairment annually or on an interim basis if events or circumstances indicate a possible inability to realize the carrying amount.

The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged against the allowance for loan losses when management believes that collectibility of the principal is unlikely. The Company has policies and procedures for evaluating the overall credit quality of its loan portfolio, including timely identification of potential problem loans. On a quarterly basis, management reviews the appropriate level for the allowance for loan losses, incorporating a variety of risk considerations, both quantitative and qualitative. Quantitative factors include the Company's historical loss experience, delinquency and charge-off trends, collateral values, known information about individual loans, and other factors. Qualitative factors include the general economic environment in the Company's market areas and the expected trend of those economic conditions. To the extent actual results differ from forecasts and management's judgment, the allowance for loan losses may be greater or less than future charge-offs.

(dollars in thousands, except per share amounts)

RESULTS OF OPERATIONS – 2008 COMPARED TO 2007

OVERVIEW

Net income for the year ended December 31, 2008, was $7,636, compared to $18,920 for 2007. Basic and diluted earnings per common share were $0.44 in 2008 compared to $1.08 in 2007. The Company's return on average equity (ROE) was 6.47 percent in 2008, compared to 16.21 percent in 2007. The return on average assets (ROA) was 0.56 percent, compared to 1.45 percent for the prior year.

The reduction in 2008 earnings was primarily the result of a $14,250 increase in provision for loan losses compared to 2007 and recognition of $4,739 of investment security impairment losses on a Lehman Brothers Holdings, Inc. unsecured note, a pooled trust preferred security and an investment in a unit trust comprised of the common stock of several community banks and bank holding companies. Net income was also negatively impacted by the decision at WB Capital to purchase a defaulted Lehman Brothers Holdings, Inc. bond from the WB Capital Liquid Assets Fund, a money market mutual fund, to prevent the fund from dropping below $1.00 per share, which resulted in recognizing a loss of $458.

Offsetting these negative items were a $2,896 increase in net interest income and an increase in noninterest income, exclusive of impairment losses. Noninterest income, exclusive of impairment charges, was slightly higher than last year as increases in debit card usage fees and gain on sale of residential mortgages into the secondary market exceeded a decline in revenue from investment advisory fees.

Noninterest expense for 2008 was $2,123 higher than in 2007. The increase included the impact of higher costs related to carrying higher levels of foreclosed real estate compared to recording gains on the sale of foreclosed real estate in the prior year. Also contributing to the increase in noninterest expense were increases in professional fees and marketing expenses, the re-establishment of the FDIC assessment, and the previously mentioned loss recognized at WB Capital.

The $11,284 decline in net income in 2008 compared to 2007 included a reduction in West Bank net income of $10,201 due to the previously mentioned increase in provision for loan losses, investment securities impairment losses, and higher noninterest expense. Net interest income increased in 2008 compared to 2007 because the cost of funds declined more than the yield on a higher volume of earning assets.

Net income at WB Capital declined to $325 for 2008 compared to $568 for 2007. Revenues were lower than the prior year due to the severe decline in stock values, which reduced assets under management. Operating expenses were 1.7 percent lower than in 2007 despite the support provided to the Liquid Assets Fund described above.

The West Bank provision for loan losses was $16,600 in 2008, compared to $2,350 for 2007. The increase in provision for loan losses included specific provisions of $4,000 against two loans to a customer that had been the victim of a substantial fraud and $5,000 related to a large homebuilder and developer that failed. Net loans charged off totaled $10.1 million in 2008, compared to $1.9 million in 2007. Of the total net charge-offs in 2008, $4.7 million occurred in the second quarter and $4.0 million in the fourth quarter. The higher net charge-offs in these quarters were primarily related to the two customers mentioned previously.

The Company has consistently used the efficiency ratio to measure productivity. This ratio is computed by dividing noninterest expense by the sum of tax-equivalent net interest income plus noninterest income (excluding gains and losses from the sale of securities and impairment losses). For the year ended December 31, 2008, the Company’s efficiency ratio was 45.25 percent, up slightly from the prior year’s ratio of 44.23 percent. The ratio for both years is significantly better than peer group averages, which are generally around 63 percent according to data in the September 2008 Bank Holding Company Performance Report, a report prepared by the Federal Reserve Board’s Division of Banking Supervision and Regulation.

On December 31, 2008, the Company received $36 million from the U.S. Department of the Treasury (the "Treasury") in exchange for issuing 36,000 shares of cumulative senior preferred stock and a warrant to purchase 474,100 shares of common stock under the Capital Purchase Program ("CPP"). The senior preferred shares qualify as Tier 1 capital for regulatory purposes and rank senior to common stock and bear a cumulative dividend rate of five percent per annum for the first five years they are outstanding and a rate of nine percent per annum thereafter. The senior preferred shares are non-voting, other than having voting rights on matters that could adversely affect the shares and having the right to elect directors under certain circumstances. The Board of Directors and management believe it was prudent to participate in the CPP because (i) the cost of capital under this program may be significantly lower than the cost of capital otherwise available to the Company at this time, and (ii) despite being well-capitalized, additional capital under this program provides the Company and West Bank additional flexibility to meet future capital needs that may arise in the current uncertain economic environment. The proceeds were initially used to pay off $2 million of borrowings at the Company, and the remaining $34 million was transferred to West Bank's capital, where it will be used to support West Bank's operations and for prudent lending transactions.

Net Interest Income

Net interest income increased $2,896, or 7.6 percent, to $41,100 for 2008, primarily due to the $109 million increase in average loan volume. Also, yields on earning assets declined at a slower pace than the rate paid on deposits and borrowings. The average yield on earning assets declined 105 basis points, while the average rate on interest-bearing liabilities declined 142 basis points. The net interest spread, which is the difference between the yield earned on assets and the rate paid on liabilities, increased to 2.87 percent from 2.50 percent a year earlier. Net interest margin, which is tax-equivalent net interest income as a percent of average earning assets, was 3.38 percent in 2008, up from 3.28 percent in 2007.

For additional details on changes in interest rates and yields and volume variances, see the section of this report titled, "Distribution of Assets, Liabilities and Stockholders' Equity; Interest Rates; and Interest Differential."

Loan Growth/Loan Quality

At December 31, 2008, total loans increased approximately $117 million to $1.1 billion from $984 million a year earlier. Most of the growth came in commercial and commercial real estate loans. Non-performing loans at December 31, 2008, totaled $28,835 or 2.62 percent of total loans. At December 31, 2007, non-performing loans totaled $5,877 or 0.60 percent of total loans. Non-performing loans include loans on non-accrual status, loans that have been renegotiated to below market interest rates or terms, and loans past due 90 days or more. For more discussion on loan quality, see the "Summary of the Allowance for Loan Losses" section of this report.

The allowance for loan losses, which totaled $15,441, represented 1.40 percent of total loans and 53.55 percent of non-performing loans at the end of 2008, compared to 0.91 percent and 152.03 percent for 2007. The provision for loan losses totaled $16,600 for 2008, up from $2,350 for 2007. The Company's net charge-offs as a percent of average loans were 0.96 percent for 2008 compared to 0.20 percent for 2007. The amount of loans charged off in 2008 totaled $10,370, compared to $2,142 in 2007. Recoveries in 2008 from loans previously charged off were $276, up slightly from $233 in the prior year.

The allowance for loan losses represents a reserve available to absorb probable loan losses within the loan portfolio as of December 31, 2008. The allowance is based on management's judgment after considering various factors such as the current and anticipated economic environment, historical loan loss experience, and evaluations of individual loans.

Management believed the allowance for loan losses at December 31, 2008, was sufficient to absorb probable loan losses within the portfolio.

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Noninterest Income

The following table shows the variance from the prior year in the noninterest income categories shown in the Consolidated Statements of Income. In addition, accounts within the “Other income” category that represent significant variances are shown.

	Years ended December 31			
	2008	2007	Change	Change %
Noninterest income:				
Service charges on deposit accounts	$ 4,832	$ 4,794	$ 38	0.79%
Trust services	789	758	31	4.09%
Investment advisory fees	7,401	7,920	(519)	-6.55%
Increase in cash value of bank-owned life insurance	936	890	46	5.17%
Securities gains (losses), net	73	5	68	1,360.00%
Investment securities impairment losses	(4,739)	-	(4,739)	N/A
Other income:				
Debit card usage fees	880	659	221	33.54%
VISA/MasterCard income	186	199	(13)	-6.53%
Gain and fees on sale of residential mortgages	544	161	383	237.89%
Letter of credit fees	150	196	(46)	-23.47%
All other income	654	783	(129)	-16.48%
Total other income	2,414	1,998	416	20.82%
Total noninterest income	$ 11,706	$ 16,365	$ (4,659)	-28.47%

Service charges on deposit accounts increased slightly compared to the prior year. An increase in commercial fee income was offset by a decline in return check charges. Lower market interest rates resulted in a lower earnings credit on commercial checking accounts, which translated to a $227 increase in commercial service charge revenue. Return check charges declined $122 from 2007 as customers presented fewer checks against non-sufficient funds.

Trust fees have increased compared to prior year due to new business and additional assets added to existing accounts.

Investment advisory fees are fees earned by WB Capital. The reduction in 2008 compared to 2007 resulted from the combination of a $345, or 20 percent, decline in fees from the WB Capital Mutual Funds due to lower asset levels and a $375, or 8 percent, decline in advisory fees from separately managed accounts due to the severe decline in stock values and business lost due to the uncertain markets. Partially offsetting this decline was a $213, or 18 percent, increase in public funds revenue due to increased asset levels.

In September 2008, West Bank recorded a $1,725 impairment charge for an investment in an unsecured note of Lehman Brothers Holdings, Inc. The bond was written down an additional $75 in the fourth quarter of 2008. Net income for the fourth quarter was reduced by a $2,622 impairment charge for a pooled trust preferred security, as it was determined estimated cash flows to be received over the life of the security would not be sufficient to cover all of the principal and interest. The reduction to net income associated with this impairment was $1.7 million after tax. An investment owned by the Company in a unit trust comprised of the common stock of several community banks and bank holding companies was also deemed impaired. The impairment charge for this investment was $317. Since this loss was a non-deductible capital loss for the Company, there was no associated tax benefit. The most significant risk of a future impairment charge relates to investments West Bank has in trust preferred securities of other banks. At December 31, 2008, West Bank had seven trust preferred security issues with a cost of $5.8 million that had a fair market value of $2.9 million. These securities are being closely monitored on an ongoing basis.

Debit card usage fees increased because West Bank began offering a new product in April 2008 that encourages the use of electronic payments. This source of revenue is expected to continue to improve due to continued growth of the new product and the convenience factor of electronic payments. VISA/MasterCard income declined as a result of lower transaction volumes compared to 2007.

The volume of originations of residential mortgages sold into the secondary market increased over 118 percent compared to 2007, thus increasing the income from this source. The growth of this line of business is expected to continue as historically low interest rates cause consumers to refinance existing mortgages. Despite the downturn in the housing market, consumers are selectively purchasing real estate while locking in relatively low, long-term rates.

The all other income category declined in 2008 due to lower income related to West Bank's official checks and letter of credit fees. All other income for 2007 included gains on disposals of fixed assets.

Noninterest Expense

The following table shows the variance from the prior year in the noninterest expense categories shown in the Consolidated Statements of Income. In addition, accounts within the "Other expenses" category that represent significant variances are shown.

	Years ended December 31			
	2008	2007	Change	Change %
Noninterest expense:				
Salaries and employee benefits	$ 13,362	$ 13,560	$ (198)	-1.46%
Occupancy	3,596	3,579	17	0.47%
Data processing	2,287	2,225	62	2.79%
Other expenses:				
Insurance	283	266	17	6.39%
Marketing	732	457	275	60.18%
Business development	430	348	82	23.56%
Professional fees	1,011	703	308	43.81%
Consulting fees	291	228	63	27.63%
Director fees	278	270	8	2.96%
FDIC expense	606	109	497	455.96%
Other real estate owned expense	166	(259)	425	-164.09%
Training	204	104	100	96.15%
Intangible amortization	727	856	(129)	-15.07%
Miscellaneous losses	513	66	447	677.27%
All other expenses	2,460	2,311	149	6.45%
Total other expenses	7,701	5,459	2,242	41.07%
Total noninterest expense	$ 26,946	$ 24,823	$ 2,123	8.55%

The net decrease in salaries and employee benefits resulted from a reduction of $545 in bonuses and $161 in profit sharing expense because of the decline in 2008 net income. Offsetting these reductions were higher salaries due to annual merit increases and the addition of five employees at West Bank in 2008.

Occupancy expenses remained steady in 2008. West Bank discontinued renting space at a mall for three ATMs in the first quarter of 2008. Additionally, savings were realized by relocating the Cedar Rapids office of WB Capital to the Coralville bank office during the second quarter of 2007. The Company continues to market excess space available in the facility in which WB Capital is located in West Des Moines. A portion of the space has been leased and rental payments began in April 2008. West Bank has entered into a lease for a new office in Waukee, with an expected opening in the first quarter of 2009. The annual rental cost for this location is approximately $216.

Data processing expense has increased because of costs related to higher volumes of PIN and signature-based debit/ATM card transactions and higher volumes of transactions and accounts on West Bank's various deposit and loan applications. Data processing expense is expected to decline in 2009 due to pricing concessions received for agreeing to a five-year contract extension with West Bank's data processing provider.

Marketing and business development expenses were up as a result of a retail sales campaign for a new product offering and more aggressive sales efforts overall.

Professional fees increased in 2008 due to higher legal fees, primarily associated with loan collection efforts, and higher external audit and tax compliance-related fees. Consulting fees increased due to the implementation of a customer relationship management system during the second half of 2008.

FDIC expense increased as a result of the re-establishment of the FDIC assessment. West Bank's share of a one-time assessment credit was almost fully utilized by March 31, 2008. The rate assessed to each bank is based upon risk factors including past due and non-performing loans, net loan charge-offs, and net income before taxes. As of December 31, 2008, West Bank was being assessed at the current maximum rate of seven basis points. In December 2008, the FDIC approved a premium increase for 2009 of an additional seven basis points for the first quarter of 2009 and a series of additional risk-based adjustments that will be implemented in the second quarter of 2009. Estimated 2009 expense will more than double compared to the current year, as the first quarter of 2008 included the remainder of the one-time assessment credit. This estimate includes the Company's decision to participate in the FDIC's Temporary Liquidity Guarantee Program ("TLGP") which is in effect from mid-November 2008 through December 2009. The program removes the cap on the amount of deposit insurance coverage for non-interest bearing and low-rate NOW accounts. The fee associated with the TLGP is ten basis points on qualifying deposits over $250. The expected cost for 2009 is approximately $60.

Other real estate owned expense increased due to a write-down taken on one piece of property in the second quarter of 2008 and increased operating costs for a higher amount of properties held during 2008. The 2007 expense included gains on the sale of several other real estate properties, including a gain of $272 from the sale of farmland in eastern Iowa.

Training expense has increased as the result of an extensive sales training program for consumer branch managers, commercial bankers, and the investment advisory sales force.

Miscellaneous losses for 2008 included a loss that occurred at WB Capital in the third quarter. The WB Capital Liquid Assets Fund held a short-term Lehman Brothers Holdings, Inc. bond in its portfolio. After Lehman Brothers Holdings, Inc. filed bankruptcy, a decision was made to purchase the defaulted bond from the mutual fund to prevent the fund value from dropping below $1.00 per share, with a resulting loss of $458.

Income Taxes

The Company records a provision for income taxes currently payable, along with a provision for those taxes payable in the future. Such deferred taxes arise from differences in the timing of certain items for financial statement reporting compared to income tax reporting. The effective income tax rate differs from the federal statutory income tax rate primarily due to tax-exempt interest income, the tax-exempt increase in cash value of bank-owned life insurance, disallowed interest expense, tax-deductible dividends paid into the employee savings and stock ownership plan, and state income taxes. In 2008 and 2007, the effective tax rate was also impacted by West Bank's 2007 investment in a qualified community development entity, which generated a federal new market tax credit. The credit, which totals $2,730, is being recognized over a seven-year period. The effective rate of income tax expense as a percent of income before income taxes was 17.5 percent for 2008, compared to 30.9 percent for 2007. The rate declined significantly as a result of the relatively high proportion of tax-exempt income compared to lower net income before taxes in 2008. The federal income tax expense was approximately $808 and $7,378 for 2008 and 2007, respectively, while state income tax expense was approximately $816 and $1,098, respectively. State income tax expense is higher than federal tax expense in 2008 due to establishing a deferred tax valuation allowance against a state net operating loss of the Company. The Company has recorded a valuation allowance against the tax effect of the state net operating loss and federal and state capital loss carryforwards as management believes it is more likely than not that such carryforwards will expire without being utilized.

RESULTS OF OPERATIONS – 2007 COMPARED TO 2006

OVERVIEW

Net income for the year ended December 31, 2007, was $18,920, compared to $19,407 for 2006. Earnings per share were $1.08 in 2007 compared to $1.11 in 2006. Net income declined primarily due to lower net interest income and a higher provision for loan losses.

The Company's ROE was 16.21 percent in 2007, compared to 18.08 percent in 2006. The ROA was 1.45 percent, compared to 1.49 percent for the prior year.

The $487 decline in net income in 2007 compared to 2006 included a reduction in West Bank net income by $511, while net income from WB Capital was $303 higher. Expenses at the holding company accounted for the remaining decline in net income. West Bank's net income was lower due to lower net interest income and a higher provision for loan losses. Net interest income declined in 2007 compared to 2006 because the cost of funds increased more than the yield on earning assets. Net income at WB Capital increased because of cost savings realized after WB Capital and Investors Management Group merged in late 2006.

The provision for loan losses was $2,350 in 2007, compared to $1,725 for 2006. Net loans charged off totaled $1,909 in 2007, compared to $846 in 2006. Of the total net charge-offs in 2007, $1.2 million occurred in the fourth quarter. The higher net charge-offs in the fourth quarter were primarily related to one customer. The customer, who was a real estate developer, informed West Bank it was ceasing operations. The customer's operating line of credit with an outstanding balance of approximately $0.8 million was charged off.

For the year ended December 31, 2007, the Company's efficiency ratio was 44.23 percent, up slightly from the prior year's ratio of 43.71 percent.

Net Interest Income

Net interest income declined $863, or 2.2 percent, to $38,204 for 2007 as an increase in loan volume was more than offset by increases in deposit and borrowing rates. The average yield on earning assets increased 14 basis points, while the average rate on interest-bearing liabilities increased 30 basis points. The net interest spread declined to 2.50 percent from 2.66 percent a year earlier. Net interest margin was 3.28 percent in 2007, down from 3.38 percent in 2006. During most of 2007, the yield curve was flat or inverted, which means that long-term rates were similar to or lower than short-term rates.

Loan Growth/Loan Quality

At December 31, 2007, total loans increased approximately $80 million to $984 million from $904 million a year earlier. Most of the growth came in commercial and commercial real estate loans. Non-performing loans at December 31, 2007, totaled $5,877 or 0.60 percent of total loans. At December 31, 2006, non-performing loans totaled $650 or 0.07 percent of total loans.

The allowance for loan losses, which totaled $8,935, represented 152.0 percent of non-accrual loans and loans past due more than 90 days at the end of 2007, compared to 1,307 percent for 2006. The provision for loan losses totaled $2,350 for 2007, up from $1,725 for 2006. The Company's net charge-offs as a percent of average loans were 0.20 percent for 2007 compared to 0.09 percent for 2006. The amount of loans charged off in 2007 totaled $2,142 compared to $1,140 in 2006. Recoveries in 2007 from loans previously charged off were $233, down from $294 in the prior year.

Management believed the allowance for loan losses at December 31, 2007, was sufficient to absorb probable loan losses within the portfolio.

Noninterest Income

The following table shows the variance from the prior year in the noninterest income categories shown in the Consolidated Statements of Income. In addition, accounts within the "Other income" category that represent significant variances are shown.

	Years ended December 31			
	2007	2006	Change	Change %
Noninterest income:				
Service charges on deposit accounts	$ 4,794	$ 4,821	$ (27)	-0.56%
Trust services	758	767	(9)	-1.17%
Investment advisory fees	7,920	8,040	(120)	-1.49%
	890	857	33	3.85%

Increase in cash value of bank-owned life insurance				
Securities gains (losses), net	5	(171)	176	-102.92%
Other income:				
Debit card usage fees	659	534	125	23.41%
VISA/MasterCard income	199	166	33	19.88%
Check printing fees	131	150	(19)	-12.67%
Gain and fees on sale of residential mortgages	161	81	80	98.77%
Other loan fees	49	69	(20)	-28.99%
Gain on sale of fixed assets	15	112	(97)	N/A
All other income	784	742	42	5.66%
Total other income	1,998	1,854	144	7.77%
Total noninterest income	$ 16,365	$ 16,168	$ 197	1.22%

Service charges on deposit accounts declined slightly because of a lower amount of fees collected from the retail sector. Return check charges, while increasing overall for 2007 compared to 2006, declined in the last half of 2007 as some customers more closely monitored their account balances to avoid fees.

The decline in investment advisory fees during 2007 compared to 2006 was primarily due to lower fees from the WB Capital Mutual Funds as a result of lower asset levels in the Funds.

The Company recognized losses from the sale of investment securities in 2006 as lower yielding investments were sold, with the proceeds being reinvested at higher yields.

Debit card usage fees continued to increase as a result of higher usage of this convenient payment method. VISA/MasterCard income increased as a result of the fees earned on an additional volume of cards issued, along with a rate increase in July 2006 on lower performing merchants. Check printing fees declined as customers continued to increase utilization of all forms of electronic payments, thus reducing the frequency of ordering checks.

The volume of originations of residential mortgages sold into the secondary market began to increase in 2007 because one experienced staff member was hired in May 2007 to devote all of his time to this line of business. As a result, the average income per residential loan increased approximately 36 basis points in 2007 compared to 2006.

Other loan fees for 2006 included a one-time fee for the origination of a loan on behalf of an insurance company. The gain on sale of fixed assets in 2006 consisted of a gain recognized on the sale of one of West Bank's branch offices. The office was relocated to a new leased facility in a higher traffic area of the Des Moines metropolitan area. Other income for 2007 included $36 of discounts received on the purchase of Iowa wind energy and enterprise zone tax credits.

Noninterest Expense

The following table shows the variance from the prior year in the noninterest expense categories shown in the Consolidated Statements of Income. In addition, accounts within the "Other expenses" category that represent significant variances are shown.

	Years ended December 31			
	2007	2006	Change	Change %
Noninterest expense:				
Salaries and employee benefits	$ 13,560	$ 13,937	$ (377)	-2.71%
Occupancy	3,579	3,433	146	4.25%
Data processing	2,225	2,217	8	0.36%
Other expenses:				
Insurance	266	253	13	5.14%
Marketing	457	554	(97)	-17.51%
Business development	348	287	61	21.25%
Professional fees	703	672	31	4.61%
Consulting fees	228	206	22	10.68%
Director fees	270	155	115	74.19%
Loss on disposal of fixed assets	50	15	35	233.33%
Other real estate owned expense	(259)	(1)	(258)	N/A
Intangible amortization	856	884	(28)	-3.17%
Recruitment fees	77	37	40	108.11%

All other expenses		2,463		2,326		137	5.89%
Total other expenses		5,459		5,388		71	1.32%
Total noninterest expense	$	24,823	$	24,975	$	(152)	-0.61%

The decline in salaries and employee benefits resulted from a reduction in full-time equivalent employees due to certain positions that were eliminated and other positions experiencing turnover, and a reduction in certain benefit expenses.

Occupancy expenses were higher in 2007 because of the relocation of one of the Des Moines metropolitan branches to a rented facility during the third quarter of 2006 and the rental of additional space for certain West Bank operational departments. There were savings realized by relocating the Cedar Rapids office of WB Capital to the Coralville bank office during the second quarter of 2007.

Insurance expense increased as the Company's directors' and officers' policy renewed in the third quarter of 2007.

Marketing expenses for 2006 included costs related to the previously mentioned relocation of a branch office and several targeted advertising campaigns. Business development costs during the same time period increased due to continued efforts to increase and expand current and new customer relationships.

Professional fees increased in 2007 as fees for external and outsourced internal audit fees continued to increase. Consulting fees grew due to the retention of a firm to advise the Company's Compensation Committee of the Board of Directors on executive compensation issues. Director fees increased in 2007 compared to 2006 as the result of an increase in quarterly retainer and meeting fees, which had not increased for several years. The loss on disposal of fixed assets in 2007 was primarily related to relocating the Cedar Rapids office of WB Capital. Other real estate owned expense declined as a result of selling several repossessed properties at gains. One sale of farmland in eastern Iowa resulted in a gain of $272. Due to the tight job market, recruitment fees were paid to executive search firms in 2007 related to the hiring of business development staff members.

Income Taxes

In 2007, the effective tax rate was impacted by the previously mentioned federal new market tax credit. The effective rate of income tax expense as a percent of income before income taxes was 30.9 percent for 2007, compared to 32.0 percent for 2006. The federal income tax expense was approximately $7,378 and $7,784 for 2007 and 2006, respectively, while state income tax expense was approximately $1,098 and $1,344, respectively.

DISTRIBUTION OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY; INTEREST RATES; AND INTEREST DIFFERENTIAL

Average Balances and an Analysis of Average Rates Earned and Paid

The following tables show average balances and interest income or interest expense, with the resulting average yield or rate by category of average earning assets or interest-bearing liability for the years indicated. Interest income and the resulting net interest income are shown on a fully taxable basis.

	2008			2007			2006		
	Average Balance	Revenue/ Expense	Yield/ Rate	Average Balance	Revenue/ Expense	Yield/ Rate	Average Balance	Revenue/ Expense	Yield/ Rate
Assets									
Interest-earning assets:									
Loans: (2) (3)									
Commercial	$ 387,426	$ 22,174	5.72%	$ 352,176	$ 27,574	7.83%	$ 343,659	$ 26,534	7.72%
Real estate (1)	653,381	40,944	6.27%	579,249	41,890	7.23%	560,673	39,971	7.13%
Consumer and other loans	13,751	867	6.30%	14,244	1,034	7.26%	14,660	1,026	7.00%
Total loans	1,054,558	63,985	6.07%	945,669	70,498	7.45%	918,992	67,531	7.35%
Investment securities:									